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GEORGIA

CASE STUDY

A City Takes Ownership of Its Assets

Transferring properties to municipalities allows for better management



Photo: Urban Institute

Gabashvili Park, which is now managed by the city of Kutaisi instead of a central government, is slated to see improvements such as new rides and the renovation of the cable air-lift connecting the park with the city center.

“Notably, one of the transferred properties is Gabashvili Park, which is benefiting from a \$2.5 million renovation and concession agreement with a foreign investor,” said Kutaisi council chair Amiran Khvadagiani.

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Challenge

In Georgia, one significant constraint on local governance has been the lack of local ownership of structures used on a daily basis, such as city hall buildings, park equipment, or municipal water and sewage systems. The central government, which owned these assets, simply permitted use by localities. As a result, Georgia's second largest city, Kutaisi, did not have the legal ability or incentive to effectively manage its most valuable assets on behalf of its citizens.

Initiative

USAID assisted the central government to draft and adopt a law transferring state property to local governments in 2005. However, actual implementation lagged. The project's staff decided to conduct a pilot project with the Kutaisi municipal government to help the city request and take ownership of public property, and then use this experience to assist others with the process. A working group of Kutaisi local officials and central government staff began reviewing the obstacles preventing local authorities from exercising their new property rights. The working group proposed to the relevant ministry and Parliamentary Commission revised regulations and instructions, which were subsequently adopted.

Results

With Kutaisi as a case study, the project developed a property transfer guidebook and provided training on how to transfer deeds from the central government. By the end of 2007, the majority of properties — more than 2,000 buildings and other properties — had been conveyed, representing an enormous shift of assets from the central to the local governments. Out of a total of 162 requested, Kutaisi received titles for 116 public properties, ranging from parks to City Hall. The impact on the city is already proving significant: the local government has signed a \$2.5 million, long-term concession agreement with an international investor to repair, maintain and operate the dilapidated Gabashvili amusement park.